

Choosing the

Right

Borrower Benefit Program

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Many lenders offer benefit programs to their student loan borrowers as an incentive to maintain a good payment history. Because each program may be just a bit different, it's sometimes difficult to determine the best option. Use the information here to help ensure you're asking the *right* questions when deciding which Borrower Benefit Program is *right* for you.

Benefits offered may include:

Reduced interest rate for on-time payments - your interest rate may be reduced by a certain percentage if you make your payments on time for a specified period of time, such as 12, 24 or 36 consecutive months.

Reduced interest rate for direct debit payments - your interest rate may be reduced by a certain percentage if you have your payments automatically deducted from your checking or savings account.

Rebate at time of payoff - you may be eligible to receive a rebate of part of your loan balance at the time it's paid in full.

Rebate or loan credit for on-time payments - you may be eligible to receive a rebate of part of your loan balance, or a credit applied against the balance if you make your payments on time for a specified period of time set by the lender.

Waived or rebated fees - any applicable fees may be waived or paid by the lender, or may be wholly or partially rebated.

Rebate or loan credit of fees - any applicable fees may be wholly or partially rebated, or the same amount applied as a credit to your loan balance when you enter repayment or other milestone set by your lender.

Lender makes last payment(s) - your lender may make the last payment or several payments on your behalf, based on requirements set by the lender.

Principal reduction - you may qualify to have your balance reduced by a specified amount, if you meet conditions set by the lender.



Questions to ask:

- Will I lose the benefit if my payment is late?
- What is considered “late”? One day? Ten days? Other?
- Is there a grace period for late payments which would still let me qualify for the benefit?
- Must my payments be made according to my original payment schedule in order to qualify?
- Can I/How can I regain eligibility for the benefit if I lose it?
- What happens to my benefit if I receive a deferment or forbearance on my loan?
- What if my lender sells my loan(s) to another lender or contracts with a servicer to service my loan(s)?
- Will I be required to sign up for programs at the lending institution (e.g., e-mail subscription services, electronic deposit/payments/statements) in order to qualify for the benefit?
- Must my application be “e-signed” in order to receive the benefit?
- What if my account doesn’t have sufficient funds to cover payments made by electronic debit?
- How long will the benefit apply? The entire life of the loan or for only a specified period?
- Does the benefit apply to all of my loans or just some of them?
- If I consolidate my loan(s), will the benefit still apply? Is there a different benefit(s) for consolidation loans?
- Is a waiver or payment of fee contingent on the guarantor used?
- What if I pay off my loan early?
- Can the benefit change or be rescinded at a later point?
- Will I receive a certificate or coupon that must be presented to receive benefits?
- What percentage of borrowers qualify for and actually receive borrower benefits?



Things to remember:

- ☑ Compare all offered benefits to determine the best option for you.
- ☑ Be sure to keep all of your student loan paperwork, including information about your borrower benefit program, in a central, easily-accessible location.
- ☑ Information about borrower benefits may be printed in a brochure from your lender, and/or may be listed on their Web site. Be sure to keep dated copies of the applicable information.
- ☑ When you finish college and begin repayment, make inquiries about when the benefits will begin and verify that what you were offered is what you’re receiving.

